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There Goes the Neighborhood:

Blacklisting Germans in Latin America and the Evanescence of the Good Neighbor Policy*

While a lively debate exists over the origins of the Good Neighbor policy, that fleeting commitment to nonintervention and genuine respect for Latin America, historians are more or less in agreement on when it ended. The demise is understood to have come about largely as a consequence of the Cold War: by the late 1940s, with Franklin Roosevelt and his key advisers gone from the scene, the newly-created Central Intelligence Agency was leading an aggressive campaign against communism, real or imagined.¹ In Latin America, this would lead to the overthrow of Guatemala's elected government in 1954 and a sanguinary record of postwar interventions. As George Black put it most succinctly, the years after World War II were the time when the United States reverted from "Good Neighbor" to "Bad Neighbor."² World War II is widely regarded

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1. Bryce Wood, *The Dismantling of the Good Neighbor Policy* (Austin, 1985), x. See also Gordon Connell-Smith, *The United States and Latin America: An Historical Analysis of Inter-American Relations* (London, 1974), 88. For Irwin F. Gellman, the end came with the death of Roosevelt. *Good Neighbor Diplomacy: United States Policies in Latin America, 1933–1945* (Baltimore, 1979), 209.

2. George Black, *The Good Neighbor: How the United States Wrote the History of Central America and the Caribbean* (New York, 1988), 87. Those historians who have focused on Argentina see the open hostility of the United States toward three wartime Argentine governments as either a lapse in or the collapse of the Good Neighbor policy. Randall Bennett Woods blames the exceptional treatment of Argentina on an expanded foreign policy bureaucracy that, during the war, brought in a number of actors with little Latin American experience and no particular commitment to noninterventionism. Randall Bennett Woods, *The Roosevelt Foreign-Policy Establishment and the 'Good Neighbor': The United States and Argentina, 1941–1945* (Lawrence, 1979), xi, 23. In Bryce Wood's touchstone account, the confrontation with Argentina is a parenthetical episode after which the Good Neighbor Policy was "reaffirmed" by Harry S. Truman and Dean Acheson, surviving unscathed into the 1950s. Wood, *Dismantling*, 132ff.

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as the apex of inter-American cooperation, a rare enlightened period when the Western Hemisphere was united in a single cause, when nearly all the American nations rewarded the United States for its magnanimous behavior by standing in solidarity against the Axis powers.

But attention to a key aspect of U.S. wartime policy in the region—the creation and enforcement of a blacklist of German nationals—tells a different story. Uncovering this largely neglected episode suggests that the picture of inter-American harmony, and the very real cooperative measures that did take place, obscure significant Latin American dissent and resistance to U.S. policies. The customary, celebratory account of the Good Neighbor policy masks the extent to which the U.S. government exerted pressures that, while not taking the form of the outright military intervention that characterized the periods before and after the Roosevelt years, nonetheless far exceeded the boundaries of noninterference, as defined by the authors of the Good Neighbor policy themselves. This interference was not restricted to a late conflict with Argentina conducted by officials with scant knowledge of the region. It began even before Pearl Harbor, and it was carried out by the policy's staunchest defenders.

By closely examining a cornerstone of U.S. wartime policy in Latin America, the economic warfare measures directed against German nationals, this study suggests that rather than the postwar crusade against Communism, it was the earlier fear of a Nazi menace—real and imagined—that led to the demise of the Good Neighbor. The exceptional period upon which we look with nostalgia as a golden age in hemispheric relations was actually much more of a piece with traditional U.S. behavior that goes back to the Monroe Doctrine and forward to the present day.

For too many U.S. officials, from intelligence agents to ambassadors and cabinet members, failure to understand Latin America and Latin Americans begins at the fundamental level of not being able to speak their languages and runs the gamut of stereotype and prejudice. In two hundred years of relations, there has been a remarkable consistency in the quality of the U.S. gaze southward, determined by a constellation of beliefs that have proven highly resistant to change and that form the filter through which meaning is attributed to events. This history of misunderstanding—reflected in the words of presidents and the sketches of cartoonists, in the conditions placed on loans and in the language of Hollywood screenplays—presents Latin Americans as inferior and childlike, feminized and vulnerable. They are passive objects of history; their countries become mere stage sets for the real actors, exotic backdrops for the playing out of great-power rivalries. If this attitude was sharply evident during the Cold War and still persists in some quarters today, it suffused the culture of U.S. policy-making on the eve of World War II and, together with alarming news from Europe, created a predisposition to see a Nazi plot behind every

incident of political unrest, a German hand pulling the strings of so many Latin American puppets.

In the period from 1938 until Pearl Harbor, coup attempts and other forms of political unrest were routinely ascribed to Nazi machinations, despite the absence of proof of such a link and the presence of local actors with their own agendas. Washington reacted consistently to reported coup attempts in Brazil and Chile in 1938, Argentina in 1939, Uruguay in 1940, and Colombia and Bolivia in August 1941. In each case of supposed external subversion, U.S. assumptions that deprived Latin Americans of agency made up for the shortage of evidence of German involvement.³

U.S. intelligence assessments in this period were characteristically alarmist. As evidence of Nazi military preparations in Colombia, the Federal Bureau of Investigation (FBI) offered its ominous discovery of “tractors” and “signs for directions” on German farms, as well as the clear threat posed by “rice fields” and “large storage tanks.”⁴ In its principal document on Bolivia, circulated widely at the highest level of the bureaucracy, the FBI printed a menacing-looking graphic displaying the twelve thousand German residents of Bolivia lined up like so many storm troopers. This fearsome image masked one crucial detail: 8,500 of these Germans on the march were actually Jewish refugees from Germany and Austria—unlikely foot soldiers for Hitler.⁵

Within the region, agitation over the Nazi threat never reached U.S. levels, partly because of Latin Americans’ greater familiarity with their German neighbors, and partly because government officials there, relying on their own sources of information and eager to show they were in control, denied the danger existed. The Colombian embassy in Washington regularly decried the “sensationalism” in U.S. newspapers and government reports. Ambassador Gabriel Turbay complained that “[H]ere in the United States, deliberately or uncon-

3. David Haglund, *Latin America and the Transformation of U.S. Strategic Thought* (Albuquerque, 1984), 69, 74–75, 99, 175–78, 182, 187–88; Spruille Braden to Sumner Welles, 9 August 1941, Folder 12, Box 67, Papers of Sumner Welles, Franklin Delano Roosevelt Library, Hyde Park, NY (hereafter FDRL); Dawid Bartelt, “‘Fünfte Kolonne’ ohne Plan: Die Auslandsorganisation der NSDAP in Brasilien, 1931–1939” [“Fifth Column” without a plan: The foreign organization of the NSDAP in Brazil], *Ibero-Amerikanisches Archiv* 19 (1993): 3–35; Stanley E. Hilton, “Acção Integralista Brasileira: Fascism in Brazil, 1932–1938,” *Luso-Brazilian Review* 9 (1972): 3–29; George F. W. Young, “Jorge González von Marées—Chief of Chilean Nacism,” *Jahrbuch für Geschichte von Staat, Wirtschaft und Gesellschaft Lateinamerikas* 11 (1974): 309–33; Ronald C. Newton, *The ‘Nazi Menace’ in Argentina, 1931–1947* (Stanford, CA, 1992), 191; Louis De Jong, *The German Fifth Column in the Second World War* (Chicago, 1956), 222–23; Silvia Galvis, “Peripetias de los Nazis Criollos” [The turns of fortune of the creole Nazis], *Credencial Historia* 67 (July 1995): 12–15; *Washington Star*, “40 to 200 Are Seized in Colombia Drive on Subversive Elements,” 5 August 1941; Cole Blasier, *The Hovering Giant: U.S. Responses to Revolutionary Change in Latin America 1910–1985* (Pittsburgh, 1985), 47.

4. Federal Bureau of Investigation (FBI), *Colombia Today*, 83, March 1942, “FBI Reports—Colombia,” Box 141, Papers of Harry L. Hopkins, FDRL.

5. FBI, *Bolivia Today*, 3, 32, 42, June 1942, “FBI Reports—Bolivia,” Box 141, Hopkins Papers, FDRL.

sciously, official and semi-official declarations have exaggerated . . . the dangers of Nazi penetration."⁶ This was not an overly roseate lament, but the estimate of a well-informed official from a government keeping close tabs on suspect Germans in Colombia. The Colombian Policía Nacional and its director of investigation and identification, Arturo Vallejo Sánchez, were among the more effective and judicious forces keeping an eye on potential subversives. The Colombian police shadowed suspected Nazis, obtained photographs of their meetings, tapped their telephones, and read their mail. Not only did President Eduardo Santos' government monitor suspect Germans within Colombia, but Colombian diplomats in Quito pressured the Ecuadorian government to be stricter with its own local Nazi party.⁷ In general, Santos took a balanced view of the potential danger from local Germans. Forwarding a police report on Nazi activity in Medellín to his foreign minister, Santos wrote in a covering note: "Even though I think there is a little literature here, I also think there is some truth."⁸

The real menace, in fact, was quite specific. In 1935, Admiral Wilhelm Canaris took command of the Abwehr (German military intelligence), with the aim of expanding the number of agents abroad who could supply information of military value to the Reich. Canaris's organization recruited expatriates from business and commercial circles and built up a network of spies in Argentina, Brazil, Chile, and Mexico. Some of them were equipped with wireless communications kits.⁹ The Abwehr agents provided estimates on U.S. war-production figures and other data compiled from press clippings and agents' reports from the north. Once the war was on, they sometimes signaled the departure of ships from Latin American ports; whether this contributed to any actual submarine sinkings is a subject of debate.¹⁰ The spies might have caused more damage if they had not been so easily defeated by their own flawed security practices. U.S. intelligence agencies had been listening in on the Abwehr's radio transmissions

6. Alberto Vargas to Ministerio de Relaciones Exteriores (hereafter MRE), 17 September 1940, Folder "Actividades Nazis 1940," Actividades Nazis 1940-1942, Archivo del Ministerio de Relaciones Exteriores, Bogotá (hereafter AMRE); Turbay to MRE, 25 July 1941, Embajada de Colombia en Washington, AMRE.

7. Vallejo Sánchez to MRE, 29 November 1940, Informes Confidenciales—Nazis 1939-1940, AMRE; Gómez Picón to Santos, 26 July 1940, *ibid.*

8. Santos to López de Mesa, 22 November 1940, Folder "Informaciones Confidenciales—Listas," Informaciones Confidenciales—Nazis-1939-1940, AMRE.

9. Stanley E. Hilton, *Hitler's Secret War in South America 1939-1945: German Military Espionage and Allied Counterespionage in Brazil* (Baton Rouge, LA, 1981) 14-17. The Abwehr's rival agency, the Sicherheitsdienst, sent a few agents to Argentina and Brazil; some of their reports are in "Südamerika: SD-Meldungen," Fiche 2973, Inland IIg, Politisches Archiv des Auswärtigen Amtes, Bonn (now in Berlin). Ribbentrop's personal intelligence service, the Dienststelle Ribbentrop, apparently achieved nothing in Latin America. See Leslie B. Rout, Jr., and John F. Bratzel, *The Shadow War: German Espionage and United States Counterespionage in Latin America during World War II* (Frederick, MD, 1986), 10-15.

10. Rout and Bratzel believe the Allies' radio intercepts prevented any such sinkings. See Rout and Bratzel, *The Shadow War*, 347. Hilton links the sinking of two ships off the Brazilian coast to spotting by German spies. Hilton, *Hitler's Secret War*, 78.

since 1940. As a result, they could warn the convoys, identify the agents, and ensure their arrest.¹¹ Where radio intercepts were insufficient, inept German agents often revealed themselves through lavish spending, drunken indiscretions, or disclosure of their secret missions to lovers who promptly went to the police.¹² The FBI's work in Argentina, Brazil, Chile, and Mexico—despite its “critical deficiencies,” and assisted by local law enforcement agencies—contributed significantly to the sorry record of Abwehr spying.¹³ In the narrowly targeted counterespionage campaign, the United States met with far more success—and far less opposition from Latin Americans—than in the more ambitious economic warfare effort, for reasons explained below.

By the eve of the war, President Roosevelt's administration had expended considerable effort to achieve harmonious relations with “the other American Republics,” abstaining from overt intervention in Latin American affairs whenever possible, and hoped to benefit from the good will generated by the Good Neighbor policy.¹⁴ That policy seemed to represent a historic shift. In the past, U.S. conduct toward the region had displayed a remarkable consistency, going back to the declaration by President James Monroe in 1823 that the Americas were closed to future colonization and that the United States would oppose any further European intervention in the region. U.S. military interventions, frequently justified by pointing to the threat from European powers, reached their peak in the first quarter of the twentieth century, when Marines routinely landed on Latin American shores—often with disastrous outcomes. U.S. intervention was followed by the installation of some of the most violent militaries and oppressive dictatorships in the hemisphere, breeding widespread resentment in Latin America and negative publicity in the United States. By the end of the twenties, the State Department was ready to abandon President Theodore Roosevelt's aggressive interpretation of the Monroe Doctrine, and it repudiated his Corollary. Herbert Hoover took the first steps in that direction by withdrawing the Marines from occupation duty in Nicaragua.¹⁵

Thus, Franklin Roosevelt was not the first president to veer from long-standing hegemonic tradition. But his administration went farther than any other in seeking to abstain from direct intervention in Latin American affairs. Roosevelt removed the last U.S. forces from Haiti and the Dominican Republic and abrogated the Platt Amendment, dating from 1901, which had asserted the right of the U.S. to intervene in Cuba. This withdrawal of direct U.S. mil-

11. FBI, “German Espionage in Latin America,” June 1946, 862.20210/6-1746, Record Group 59 (hereafter RG), National Archives, College Park, MD (hereafter NA); Hilton, *Hitler's Secret War*, 216–29, 290–91.

12. Maria Emilia Paz, *Strategy, Security, and Spies: Mexico and the U.S. as Allies in World War II* (University Park, PA, 1997), 170–71.

13. Rout and Bratzel, *The Shadow War*, 454.

14. In *The Making of the Good Neighbor Policy* (New York, 1961), Bryce Wood calls the expectation that Latin Americans would respond to the Good Neighbor Policy by following U.S. policies the “anticipation of reciprocity.”

15. Alexander DeConde, *Herbert Hoover's Latin America Policy* (Stanford, CA, 1951).

itary presence was made easier by the fact that dictators now kept order with their own forces, but the new policy was not mere rhetoric. When Mexico nationalized U.S. oil installations in 1938, Roosevelt neither dispatched troops nor backed the oil companies, forcing them to accept a settlement amenable to Mexico instead. In the mid-1930s, the State Department officially abandoned its use of nonrecognition as a diplomatic sanction against regimes that came to power through revolutions. In April 1936, department officials instructed the department's diplomats in Central America—formerly kingmakers—to “decline comment” and “abstain from offering advice on any domestic question,” even should their counsel be sought by local politicians.¹⁶

As expressed by its authors, then, the Good Neighbor policy was much more than a commitment to stop sending in the Marines. At summit meetings at Montevideo in 1933 and Buenos Aires in 1936, the United States relinquished its claim to any form of intervention. The protocol signed at Buenos Aires minced no words: the signatories declared “inadmissible the intervention of any one of them, directly or indirectly, and for whatever reason, in the internal or external affairs of any other of the Parties.”¹⁷ Instead, external threats to the hemisphere would be answered through mutual consultation and cooperation. This shift from nonintervention to noninterference meant that the Good Neighbor policy would not be limited to acknowledging the most basic aspect of the sovereignty of other states simply by not invading them. It was a policy that called for an end to unwelcome interference and the beginning of mutual respect.

The Good Neighbor policy was developed and implemented by three principal figures in the State Department. Secretary of State Cordell Hull, who claimed credit for developing the policy, focused his attention on obtaining reciprocal trade agreements with Latin American countries. Undersecretary Sumner Welles, after a misstep in 1933 when he recommended sending gunboats to Cuba to enforce a change of government, became “the inspiration and guide of our policy,” according to its third architect, Welles’ deputy, Laurence Duggan.¹⁸

More widespread in the bureaucracy than the Welles style was the approach of Secretary Hull and his loyalists, led by Assistant Secretary Breckinridge Long, whose slight knowledge of Latin American affairs neither reduced their

16. Wood, *The Making*, 145–7.

17. Connell-Smith, *The United States and Latin America*, 163; Robert N. Burr and Roland D. Hussey, eds., *Documents on Inter-American Cooperation, 1881–1948* (Philadelphia, 1955), 2:112–14.

18. Laurence Duggan, *The Americas: The Search for Hemisphere Security* (New York, 1949), 102; Wood, *The Making*, 340. Other officials who shared the outlook of Welles and Duggan included Duggan’s assistant, Philip Bonsal; John Moors Cabot, Central America desk officer; and ambassadors Jefferson Caffery and Arthur Bliss Lane. Such men were thoughtful exceptions in a blue-blood department still largely in thrall to its tradition of interventionism and instinctive disdain for Latin Americans. See Martin Weil, *A Pretty Good Club: The Founding Fathers of the U.S. Foreign Service* (New York, 1978), especially chapters 2–3.

ingrained sense of superiority to their neighbors nor diminished their tendency to view important hemispheric events as the product of external forces. Welles later wrote that Hull was “devoid not only of any knowledge of Latin American history, but also of the language and culture of our American neighbors.”¹⁹

Ambassador Spruille Braden exerted an unusual amount of influence on the evolution of anti-German policy, partly because of his imperious personality and willingness to push his own agenda, and partly because from 1939 to 1942 he was posted to Colombia, a country at the heart of U.S. concerns over Nazi influence. Braden had many years of Latin American experience, but his outlook was much closer to Hull’s than to that of Welles. As he pressed for agreement on a series of anti-Axis measures, Braden complained privately that the Colombians were not falling rapidly into step with U.S. plans. “We can only lead these people slowly,” he wrote in frustration, blaming the Colombians’ hesitation on the “fundamental deficiencies of Colombian character—innate suspiciousness, inefficiency, and dilatoriness.”²⁰ If these private words did not strike the respectful tone that had become de rigueur in official statements, Braden was not alone in maintaining the assumption of U.S. superiority over the neighbors to the south. Even FDR’s respect for Latin Americans was qualified: “They think they are just as good as we are,” he told a news conference—“and many of them are.”²¹

The earliest concrete measures can be traced to Braden, who played an important role in producing intelligence on the Nazi threat; he later claimed to have originated the idea of bringing FBI agents to Latin America.²² (“God knows the Colombians are able to do little themselves in the way of investigating Nazi activities,” he grumbled—although the evidence suggests that Vallejo Sánchez and his men did a more accurate job than the FBI.²³) His embassy was the first to begin collecting data on German commercial operations in preparation for blacklisting.²⁴ His alarmist reports of a Nazi paramilitary threat to the Panama Canal helped draw the attention of the State and War departments to the German presence, and he was the first U.S. diplomatic representative to lobby the government to which he was accredited to deport its German residents to the United States.²⁵ Under his influence and that of like-minded offi-

19. Sumner Welles, *Seven Decisions That Shaped History* (New York, 1951), 119.

20. Braden to Welles, 20 June 1941, Folder 12, Box 67, Welles Papers, FDRL.

21. Press conference 614-A, 12 January 1940, Press Confs., XV, 78, FDRL, cited in Wood, *The Making*, 359.

22. Spruille Braden, *Diplomats and Demagogues* (New Rochelle, NY, 1971), 255.

23. Braden, Oral History Collection, 1952–1953, 3186, Columbia University, New York, NY.

24. Braden, *Diplomats and Demagogues*, 203; Merwin L. Bohan, oral history, 15 January 1974, 44, Harry S. Truman Library, Independence, MO.

25. Braden to Secretary of State, 31 December 1941, 740.00115EW1939/1661, RG 59, National Archives, College Park, MD (hereafter NA). On the triangular diplomacy surrounding the deportation of more than 4,000 Germans from Latin America to internment in the United States, see Max Paul Friedman, *Nazis and Good Neighbors: The United States Campaign against the Germans of Latin America in World War II* (Cambridge, UK, forthcoming 2003).

cials, Washington undertook a campaign to root out the German presence in the region, beginning with the economic presence.

The Nazi rise to power had begun a change in German trade policy toward Latin America in the 1930s. The worldwide depression and the loss of its colonies severely limited Germany's access to raw materials and export markets. To fill these needs, Nazi Germany came up with a scheme that would boost its share of Latin American trade at the direct expense of the United States. Well before war came to seem inevitable, what concerned U.S. officials was not any potential military threat, but rather the Third Reich's economic challenge in an area Washington considered an integral part of its own trading system. Hitler was not much interested in the region—when he did make a rare reference to Latin America in a late edition of *Mein Kampf* and in his so-called second book, it was merely to dismiss the region as the epitome of racial mixing—but remarks he made to foreign diplomats suggest he thought that a German-dominated Europe could eventually displace the United States as principal trading partner with Latin America.²⁶

In 1934, a German trade delegation toured the continent making offers the cash-strapped, market-deprived Latin American countries could not refuse: they could receive inflated prices for selling their agricultural goods in Germany, and buy German industrial products without spending scarce foreign exchange. There was a catch: the Germans refused to pay cash. Instead, they created four systems of payment to obviate the need for foreign currency to change hands. Direct barter transactions under compensation agreements were the simplest: a quantity of imports would be traded for exports of equal value. Clearing accounts were established for indirect barter, so that importers could pay in and exporters could withdraw in equal amounts without any currency leaving the country. Under payment agreements, any foreign exchange earned by one country on an unequal trade was set aside for purchases or debt service within the other country to balance the accounts. Finally, and most notoriously, Germany paid the Latin Americans for their goods with a special currency, the *Ausländer Sonderkonto für Inlandszahlungen*, or "Aski mark," redeemable only in Germany on terms set by Berlin.²⁷ This was a raw deal for the Latin Americans, especially as Germany repeatedly devalued the Aski, but they had few alternatives. Markets were closed and tariffs were high all over the world. The United States, already paying some of its own farmers to destroy their crops, was unable to absorb more agricultural surplus. Faced with the choice of selling coffee to Germany for Aski marks or burning the harvest, a Brazilian agriculturalist observed that "[C]ompensation marks are worth much more to us than ashes."²⁸

26. Jochen Thies, *Architekt der Weltberrschaft: Die "Endziele" Hitlers* [Architect of world domination: The "final goals" of Hitler] (Düsseldorf, 1976), 166–67.

27. Haglund, *Latin America*, 135–36; Dye to Adolf Berle, "German Competition in Ecuador," 1939[?], Latin American Republics: General, Box 60, Papers of Adolf Berle, FDRL.

28. Haglund, *Latin America*, 136.

It was a “cutthroat trouble-breeding method of trade,” grumbled Secretary of State Hull, then trying to negotiate a series of reciprocal trade agreements with Latin American countries to lower tariffs on each side. Hull’s fears were confirmed as Germany’s program brought immediate results. The share of total German exports bound for Latin America doubled in 1935, the year after the trade mission. Germany surpassed the United States as Brazil’s major trading partner in 1936. Only in the sheltered markets of Cuba, Mexico, and Panama and in Peru could the United States hold its own; everywhere else, U.S. trade declined relative to German gains.²⁹

The United States had five billion dollars invested in Latin America by this time, and the region was absorbing a third of U.S. industrial exports; in the key sectors of cotton textiles and steel-mill products, more than half of U.S. exports went to the region.³⁰ U.S. manufacturers begged Washington for help against the “damned compensation mark” that was eroding “their” markets. In 1936, the National Foreign Trade Council wrote to the State Department: “We trust that our Government will find a direct means for checking the growing menace of this form of vicious bilateral trade practice.”³¹ In the long term, it was believed, Germany’s gains might threaten much more than corporate profits. Sumner Welles had declared in December 1934 that regaining foreign trade was essential to the success of the New Deal.³² And when a military conflict began to seem possible toward the end of the decade, the United States worried that as Latin Americans accumulated millions of marks in Aski accounts (partly because Germany was not making promised deliveries), they might prove unwilling to risk offending the nation that could hold their payments hostage.³³

Conventional accounts of this era by the “realist” school of historians have played down or ignored the economic considerations that affect foreign-policy choices, arguing that national security always comes first.³⁴ Revisionists, following William Appleman Williams’ theory of “open-door imperialism,” have given economic factors pride of place.³⁵ But protecting the nation’s security and

29. Stanley E. Hilton, *Brazil and the Great Powers, 1930–1939: The Politics of Trade Rivalry* (Austin, TX, 1975), xx; Hans-Jürgen Schröder, “Die Vereinigten Staaten und die national-sozialistische Handelspolitik gegenüber Lateinamerika,” *Jahrbuch für Geschichte von Staat, Wirtschaft und Gesellschaft Lateinamerikas* 7 (1970): 309, 312, 320.

30. Lloyd C. Gardner, *Economic Aspects of New Deal Diplomacy* (Madison, WI, 1964), 52.

31. Hans-Jürgen Schröder, *Deutschland und die Vereinigten Staaten, 1933–1939: Wirtschaft und Politik in der Entwicklung des deutsch-amerikanischen Gegensatzes* [Germany and the United States, 1933–1939: Economics and politics in the development of the German-American conflict] (Wiesbaden, 1970), 234, 246.

32. Schröder, “Die Vereinigten Staaten,” 313.

33. R. A. Humphreys, *Latin America and the Second World War*, 2 vols. (London, 1981), 1:6.

34. Dana G. Munro, *The Latin American Republics* (New York, 1942); Samuel Flagg Bemis, *The Latin American Policy of the United States* (New York, 1943); J. Lloyd Meacham, *The United States and Inter-American Security, 1889–1960* (Austin, TX, 1962).

35. William Appleman Williams, *The Tragedy of American Diplomacy*, 2nd rev. ed. (New York, 1972); Gardner, *Economic Aspects*; David Green, *The Containment of Latin America: A History of the Myths and Realities of the Good Neighbor Policy* (Chicago, 1971).

encouraging economic expansion abroad are not necessarily mutually exclusive aims—certainly they were not in the minds of New Deal policy-makers. Roosevelt and his subordinates drew no fine distinctions between protecting the United States from outright military attack from the south, reducing the effectiveness of German propaganda or potential subversion, and diminishing the German market share. As FDR told a group of senators in 1939, the “whole threat” from Germany was wrapped up in an attempt to dominate world trade and put an economic fence around the United States.³⁶

Hitler’s planners may not have realized how seriously Washington would react to Germany’s trade offensive. Nazi officials held a different, more aggressive view of foreign policy, in which the goals were to extend military and political power and to seize territory. Since they did not plan to do any of that in Latin America—at least not in the foreseeable future—they did not expect the barter and Aski system to provoke the United States as much as it did. To North American officials raised on the Monroe Doctrine and the principle of the open door, the creation of exclusive bilateral trade agreements in a region they claimed for their own was unacceptable. Hitler misread the Good Neighbor policy as a commitment by Roosevelt to abstain from exercising any kind of pressure in Latin America. These misjudgments led the Nazis to believe that they could try to capture the Latin American markets without offending the United States.³⁷

Instead, the success of the German trade offensive led directly to increased U.S. concern over the German communities in Latin America, whose commercially adept members seemed to be the essential links making such trade expansion possible. Worse still, Washington believed, successful German retailers were bringing Latin America under their sway. “German merchants [in Latin America] are essentially cogs in the economic machine of Germany,” claimed a key State Department report on the Nazi threat.

The interior parts of many countries are serviced commercially only by Germans, and it is safe to say that the whole commercial structure, private and official, is an open book to German commercial agents. By various connections, they are allied to native financial and political personages. It is a web of influence, from the water’s edge to the far boundaries of practically every state.³⁸

36. Gardner, *Economic Aspects*, 122, citing “Special Conference with the Senate Military Affairs Committee,” 31 January, 1939, PPF-1P, Roosevelt Papers, FDRL.

37. Georg-Alexander Höbbel, “Das ‘Dritte Reich’ und die Good Neighbor Policy: Die nationalsozialistische Beurteilung der Lateinamerikapolitik Franklin D Roosevelts, 1933–1941” [The “Third Reich” and the Good Neighbor policy: The national-socialist evaluation of Franklin D. Roosevelt’s Latin American policies, 1933–1941] (Ph.D. diss., Hamburg, 1997), 286–96.

38. Berle to chiefs of the diplomatic missions in the other American republics, “The Pattern of Nazi Organizations and Their Activities in the Other American Republics,” 36–37, 6 February 1941, 862.20210/414A, RG 59, NA.

In some countries, such as Argentina, Bolivia, and Chile, that influence extended to the military establishment, thanks to decades of training by German officers. Germany's influence did not prevent the rapid alignment of most of Latin America on the side of the Allies when war came to the Americas, but such thinking shaped the policies the United States would employ against the German residents of the region.

The anxieties over Nazi intrigue were increased by events occurring in an area to which U.S. officials habitually accorded far more importance. Between April and June 1940, Germany invaded Denmark, Norway, the Netherlands, Belgium, and France, subduing them more rapidly than expected. Each collapse produced a wave of rumors that German success on the battlefield was produced not only by military superiority, but also by subversive acts by traitorous German residents.³⁹ If Great Britain were to fall, that would remove the Royal Navy as a buffer between the Americas and a Europe dominated by Germany. The international crisis made worries about possible German moves in Latin America much more urgent. Something had to be done.

The first move was aimed at canceling the contracts of Germans working for U.S. companies. Among the Germans living in Latin America were capable businessmen with good contacts, and since many spoke excellent English as well as Spanish, they had been hired in droves by U.S. companies seeking local managers or sales agents in overseas markets. In these positions, the Germans sometimes had access to confidential trade information; more importantly, they were suspected of using the profits generated by U.S. exports to support the distribution of pro-Nazi propaganda. The Roosevelt administration resolved to get them fired, to stop U.S. companies from putting money in German pockets.⁴⁰

U.S. policy explicitly called for boycotting and blacklisting Germans without regard to their activities, political stance, or loyalties: "Persons of the German race (whether or not pro-Nazi) and concerns controlled by such persons contribute, voluntarily or involuntarily, a certain percentage of their salary or profits to local Nazi organizations," explained Nelson Rockefeller's Office of the Coordinator of Inter-American Affairs (CIAA).⁴¹ There was no need in principle to investigate individual cases; Germanness was sufficient, defined so loosely ("race") as to make even citizenship irrelevant.

There were risks in this decision, as a State Department economic warfare official, Harley Notter, acknowledged. "Some of the German agencies—it may

39. A typical contemporary report is by the Counter-Subversion Section of ONI, "Activities of the Fifth Column," 13 January 1942, 862.20200/52, LM195 Reel 8, RG 59, NA. Louis De Jong was the first to thoroughly debunk the myths, in *The German Fifth Column*. Donald M. McKale is also skeptical; see his *The Swastika outside Germany* (Kent, OH, 1977), 168–75. Francis MacDonnell succinctly reviews the issue in *Insidious Foes: The Axis Fifth Column and the American Home Front* (Oxford, 1995), chapter 6.

40. Weekly progress report no. 16, 13 January 1941, 5, Box 68, Welles Papers, FDRL.

41. "Council of National Defense: Coordinator of Commercial and Cultural Relations between the American Republics," n.d. 1941, Box 57, Berle Papers, FDRL.

be a great many of them—are staffed by Germans who have long since been naturalized as Latin American citizens,” Notter worried. “This necessitates great care to avoid collision with the unquestionable rights of the citizens of the Latin American country to conduct business under the laws of that country. . . . It will be called ‘[Y]ankee imperialism,’ and our firms may be for a time regarded unfavorably as a spearhead of that alleged imperialism.” The best way to avoid such charges, Notter argued, was to make the program appear voluntary: “This Department should be in a position to say that the American firms should take such action . . . of their own patriotic and helpful free will.”⁴²

When appeals to patriotism did not prove sufficient to induce U.S. firms to cut their longstanding and profitable ties with their German agents, in January 1941 Rockefeller’s office put 17,000 U.S. businesses on notice that the government wished them to dismiss their German agents. Those that did not comply saw their export licenses revoked.⁴³ As with other wartime policies, security and economic concerns went hand in hand. Josephus Daniels approved Rockefeller’s campaign to remove the Germans on the grounds that “[S]uch men might, after the war, use their contacts to promote German goods at prices below America’s ability to compete.”⁴⁴ Ambassador Braden noted with favor that eliminating the lucrative contracts “will benefit American commerce after the war.”⁴⁵ Certainly no one in Washington objected to the idea of running the German sales agents out of business and finding substitutes who would deal exclusively in U.S. brands, hurting German exports in the long term. It was a two-birds-one-stone policy, benefiting U.S. economic interests while weakening actual or potential sources of Nazi influence.

The “Proclaimed List of Certain Blocked Nationals” (PL) was issued by the State Department on 17 July 1941 to carry the economic-warfare campaign to all businesses suspected of being pro-Axis. It was based on information collected by U.S. diplomatic missions, Rockefeller’s CIAA, and data supplied by the British government. A special unit within the State Department, the Division of World Trade Intelligence, compiled the PL under the authority of Dean Acheson. Technically, as U.S. diplomats assiduously assured their Latin American colleagues, the list was simply a domestic regulation of U.S. firms: it prohibited companies and persons under U.S. jurisdiction from trading with listed firms and individuals. In practice, since any Latin American company that did

42. Harley Notter, 6 September 1940, Folder “General Memoranda July 1940–Sept 1940,” Memoranda Relating to General Latin American Affairs, Box 3, and Harley Notter to John Dickey, 14 February 1941, Folder “General Memoranda January–February 1941,” Memoranda Relating to General Latin American Affairs, Box 4, Division of American Republic Affairs (hereafter ARA), RG 59, NA.

43. Dean Acheson, “Action Taken by the United States Government in the Economic Field to Eliminate Axis Influence from the Other American Republics,” 2 June 1942, Folder “711 1942,” Colombia: Bogotá Embassy, Security-Segregated General Records, 1938–49, Box 23, RG84, NA.

44. Daniels diary, 4 March 1941, cited in Gardner, *Economic Aspects*, 126.

45. Braden to Welles, 28 January 1941, Folder 12, Box 67, Welles Papers, FDRL.

business with a PL firm would itself be listed and thereby excluded from trade with the United States and other local firms, businesses of any nationality in all countries were forced to shun PL firms or risk their own demise.⁴⁶

The Proclaimed List Clearance Committee, in charge of the program, decided not to blacklist all Germans, partly because such a measure in World War I had caused serious economic disruption in Latin America. Britain had imposed blacklists on German businesses abroad in December 1915, immediately provoking outrage from U.S. officials. Secretary of State Robert Lansing protested to the British that "[T]his act [was] pregnant with possibilities of undue interference with American trade" and was "framed without a proper regard for the right of persons domiciled in the United States, whether they be American citizens or subjects of countries at war with Great Britain."⁴⁷ Shipping companies sailing to Latin America refused to handle the products of blacklisted firms, for fear the Royal Navy would seize the cargoes.⁴⁸ As the British blacklist began to damage companies in the United States, members of Congress considered retaliatory legislation.⁴⁹ This British policy neatly prefigured U.S. policy in Latin America in World War II, and the initial, outraged U.S. reaction to interference with its neutral trading rights foreshadowed comparable responses from Latin American nations angered by Washington's use of the same practice in the next war.

After the United States entered World War I, it dropped its objections to the British practice and issued "Enemy Trade Lists" so broadly conceived that they could include anyone with a German surname. In South America, resentment against this form of U.S. intervention in the internal affairs of other states—especially when the distant European war seemed to have so little urgency—provoked a backlash of sympathy for Germany. In this sense, the blacklists were counterproductive: they encouraged neutralism among Latin Americans, whose fear of Yankee domination was greater than their suspicion of their German neighbors.⁵⁰

U.S. officials examining this record twenty years later attempted to avoid making the same mistakes by narrowing the scope of the blacklist developed in World War II, but it had a similar effect. State Department policies on eco-

46. Press release issued by the Department of State, 17 July 1941, *Papers Relating to the Foreign Relations of the United States, 1941, The American Republics* (Washington, DC, 1963), 6:268–69 (hereafter *FRUS*, followed by appropriate year); Welles, "Procedures and Policies on Maintenance of the Proclaimed List of Certain Blocked Nationals," 28 August 1941, *FRUS*, 1941, 6:271–83.

47. Robert Lansing to Walter Hines Page, 25 January 1916, *FRUS*, 1916, *World War Supplement* (Washington, DC, 1929), 339.

48. Lansing to Claude Kitchin, 17 August 1916, *ibid.*, 434.

49. Lansing to Page, 5 December 1916, *ibid.*, 520–21.

50. Thomas Schoonover, *Germany in Central America: Competitive Imperialism, 1821–1929* (Tuscaloosa, AL, 1998), 158–66; Jean-Pierre Blancpain, *Migrations et mémoires germaniques en Amérique Latine* [Germanic migrations and memories in Latin America] (Strasbourg, 1994), 272.

conomic warfare tried to distinguish between the World War I blacklist, based on “nationality,” and the World War II blacklist, based on “ideology.”⁵¹ This was partly the result of an aversion in principle to sweeping measures based on ethnic identity alone. “The placing of any impediment upon trade with certain individuals merely because they are present nationals of or were born in an Axis country,” stated the Clearance Committee, “partakes too much of the nature of policies of the Axis countries.”⁵² Instead, U.S. officials developed a long list of criteria to determine whether a particular individual or firm was “dangerous” enough to warrant blacklisting. The criteria were so broad, however, that in practice they could apply to anyone of German origin. One could be listed for being a member of the Gestapo, but also for having family members in Germany or sending one’s children to a German school.⁵³ Nor was the list restricted to Axis nationals. Latin Americans who had served as lawyers or accountants for Axis nationals, or even rented housing to them, were also subject to blacklisting. Within days of initial publication, the complaints starting coming in. Welles noted “a great deal of confusion” within the foreign service over the operation of the PL, and told Acheson of numerous errors, among them “the inclusion in the blacklist of a reputable American citizen doing business in São Paulo, who is stated to be a Yale graduate. I should think this would hurt your feelings particularly.” (Acheson had graduated from Yale in 1915.)⁵⁴ By May 1942, there were nearly six thousand listings for Latin America.⁵⁵

The PL, neglected by historians, fostered some of the most intense of the inter-American disputes the Good Neighbor policy was supposed to have abolished. Latin American leaders resented the extraterritorial reach of the PL, arguing that it was not the act of a good neighbor to exercise such power within their countries. Chile’s ambassador to the United States told Welles that his government considered the list a “form of unwarranted interference by the United States in the domestic affairs of Chile in derogation of Chilean sovereignty.”⁵⁶ Brazil’s foreign minister, Oswaldo Aranha, reacting to a barrage of

51. Acheson, “Action Taken.” For a comparison of the blacklists in Mexico during each war, see Jürgen Buchenau, *Werkzeuge des Fortschritts: Eine deutsche Händlerfamilie in Mexiko-Stadt von 1865 bis zur Gegenwart* [Tools of progress: A German trading family in Mexico City from 1865 to the present] (Stuttgart, 2003).

52. Collado to Board of Economic Operations, “Report by the Proclaimed List Clearance Committee,” 9 December 1941, Folder “Board of Economic Operations—October–December 1941,” Box 56, Berle Papers, FDRL.

53. Welles, “Procedures and Policies on Maintenance of the Proclaimed List of Certain Blocked Nationals,” 28 August 1941. In much of Latin America at this time, the *escuelas alemanes* (German schools) were considered the best schools in the country and often had a majority of non-German students from elite families.

54. Welles to Acheson, 20 July 1941 and 19 August 1941, Folder 8, Box 73, Welles Papers, FDRL.

55. Acheson, “Action Taken.”

56. Welles to Claude Bowers, 1 October 1941, *FRUS*, 1941 6:294–95.

protests from his countrymen, told Ambassador Jefferson Caffery that the U.S. imposition of the PL might reduce Brazilians' desire to cooperate in the war effort, and asked, "How can you expect us to acknowledge your list when you do not blacklist undesirable firms in the United States?"⁵⁷ Costa Rica's foreign minister, Alberto Echandi, advised Costa Ricans simply to ignore the PL and continue to do business with blacklisted Costa Ricans.⁵⁸ Colombia's foreign minister, Luis López de Mesa, decried the "economic excommunication" inflicted by the PL, while his minister to Costa Rica publicly compared the blacklist—based as it was on secret denunciations—to the Spanish Inquisition.⁵⁹

At first, Washington stuck by its program, convinced that the blacklisting of German companies that had been funding the production of Nazi propaganda in Latin America was worth the political cost of including innocent individuals by mistake. U.S. officials were unwilling to relinquish the listing of Latin American nationals and their businesses, because experience had shown that German companies, such as chemical giant IG Farben, deliberately "cloaked" their enterprises abroad by placing them under the nominal ownership of foreign nationals while retaining control through secret protocols. This practice was not limited to the large cartels: in the United States, the alien property custodian discovered some sixty German enterprises engaged in cloaking attempts.⁶⁰

Latin Americans, however, saw the problem differently. The Ecuadorian minister of finance, Vicente Illingworth, and Ecuador's ambassador to the United States, Colón Eloy Alfaro, went to the State Department in August 1941 to protest the unilateral nature of the PL. Illingworth acknowledged the necessity for having effective controls over Axis capital, but argued that some 25 percent of the names on the blacklist for Ecuador were based on false information, and urged that the United States seek Ecuador's consent before publishing more names. He came away empty-handed.⁶¹ Ecuadorian citizens lodged protests after finding their names in the blacklists published in their newspa-

57. Jefferson Caffery (Rio) to Secretary of State, 21 October 1941, *FRUS*, 1941 6:301; and Caffery (Rio) to Secretary of State, 19 December 1941, *FRUS*, 1941 6:319.

58. *La Tribuna*, "Con las personas incluidas en las listas negras pueden mantener relaciones comerciales los habitantes de Costa Rica" [The inhabitants of Costa Rica can continue to do business with the people included on the blacklists], 29 November 1941, 1.

59. Silvia Galvis and Alberto Donadio, *Colombia Nazi 1939-1945: Espionaje alemán, la cacería del FBI, Santos, López y los pactos secretos* [Nazi Colombia, 1939-1945: German espionage, the FBI's hunt, Santos, López, and the secret pacts] (Bogotá, 1986), 110; *La Tribuna* (San José), "Colombiano dice que la confección de las listas negras no pueda hacerse sin la intervención directa de las autoridades colombianas" [Colombian says that the preparation of the blacklists cannot happen without the direct intervention of the Colombian authorities], 22 November 1941, 1.

60. David L. Gordon and Royden Dangerfield, *The Hidden Weapon: The Story of Economic Warfare* (New York, 1947), 146-47.

61. Melby, Memorandum of conversation, 5 August 1941, *FRUS*, 1941 6:270.

pers. In Quito, Foreign Ministry officials requested the removal of names they believed to be included in error; the embassy refused. Direct appeals from President Arroyo del Rio had no better success.⁶²

The Chilean ambassador to the United States went to see Philip Bonsal, deputy and friend of Laurence Duggan and a staunch defender of the Good Neighbor policy, to propose converting the PL, as Bonsal recorded, "from a unilateral measure on our part to a cooperative venture in which all the American republics would participate." In a message to Welles, Bonsal warned that despite the usefulness of the PL as a tool of economic warfare, it was, "unless very carefully handled, apt to affect unfavorably the long-term development of our relations with the other American republics." Bonsal expressed his hope that "we will continue to give considerable weight" to the opinions of Latin American governments concerning blacklists affecting their countries.⁶³ The Chilean proposal went nowhere.

On 7 November 1941, the Colombian Senate unanimously adopted a resolution denouncing the PL as interference in Colombia's internal affairs and for being the product of espionage in friendly countries. The resolution demanded that the names of Colombian firms not be listed without first being submitted to the Colombian government, "before receiving the sentence of condemnation of a foreign power." Most disturbing to U.S. officials, the Senate voted that the resolution be sent to the chancelleries of the other American republics. Ambassador Braden managed to get the Senate report suppressed, but not before it had reached several other countries.⁶⁴

In Brazil, Foreign Minister Aranha kept up his vigorous and frequent protests to Ambassador Caffery that the PL seemed to be a pretext for replacing genuinely Brazilian firms with British or U.S. companies. Most of the 265 firms in Brazil that were initially blacklisted were either Brazilian-owned or had operated there for many years. One company, Brahma, employed two thousand Brazilian workers, and its majority shareholders were Brazilian; it was blacklisted because some of the minority stockholders were Germans. Aranha demanded its delisting, saying he had "no sympathy" for the PL, that it favored U.S. companies, and that its operation was undercutting support for the Allies because "[W]e will have no arguments to defend our American friends . . . nor in explaining to the other American countries an intervention of this nature in our internal economy." The PL was "contrary to the spirit and the letter of the pan-American conventions," Aranha declared. Unable to obtain satisfaction, the

62. Ortiz to Tewksbury, 26 November 1941, Serie N, Ortiz to Tewksbury, 28 November 1941, Serie N, and Tewksbury to Ortiz, 1 December 1941, Serie B, Embajada de Estados Unidos, MRE, Archivo Histórico de Quito (hereafter AHQ), Quito, Ecuador; Dickey to Welles, 9 July 1942, Folder 11, Box 177, Welles Papers, FDRL.

63. Philip Bonsal to Welles, 8 October 1941, *FRUS*, 1941 6:295-96.

64. López de Mesa to president of Colombian Senate, 20 January 1942, Folder "Listas Negras-Varios-1941," Listas Negras-1941, AMRE.

Brazilian government finally prohibited the publication of the PL in the newspapers.⁶⁵

From the perspective of U.S. officials conducting economic warfare, insuring hemispheric security and promoting U.S. economic interests went together in the anti-German campaign. In November 1941, James Hill of the Sterling Products Corporation called at the State Department to report that a Brazilian firm was importing 20,000 kilos of aspirin powder, and to say that only two companies in Brazil made aspirin tablets: his own and the German company *Chímica Bayer Limitada*. Sterling had not ordered any of the 20,000 kilos, so the entire shipment must have been destined for Bayer. Hill offered his opinion that "[T]he only effective means of preventing aspirin powder from getting into the hands of the German firm (which is one of the most important German units in Brazil) would be to make all of the ingredients subject to export license." Aspirin powder was placed on the export control list the following month. The U.S. government struck a blow against German economic potency in Latin America, the region's consumers did without twenty-two tons of aspirin, Brazil lost the commensurate income and employment that would have been generated by the production, and the Sterling Corporation's only serious competition in Brazil was eliminated.⁶⁶

Since Bayer (a subsidiary of IG Farben) and other large firms owned by parent companies based in Germany often collaborated with Nazi efforts to spread propaganda and sometimes provided cover or payments to espionage agents working for the *Abwehr*, hurting Bayer also made sense from a strictly security-related point of view. The intelligence agencies of any nation would have faced a much more difficult task without such arrangements. Out of patriotic or self-interested service to the U.S. government, U.S. corporations also supplied cover and payments for FBI agents and freelance informants in Latin America. Of the German firms, shipping companies Hamburg-American and North German Lloyd were particularly effective in maritime espionage, transmitting information on ship movements and cargoes. U.S. intelligence agencies considered IG Farben to be "so active in the services of the Nazis that the mere employment of an individual by IG Farben has come to be accepted as possible evidence of intelligence activities."⁶⁷

Such arguments could not so easily be made for blacklisting the many smaller, locally owned hardware stores, farms, and restaurants that were ruined by the PL although they were hardly along the lines of IG Farben. Not only

65. Stanley Hilton, *Oswaldo Aranha: Uma biografia* [Oswaldo Aranha: A biography] (Rio de Janeiro, 1994), 370-72.

66. Adams to Acheson, "Recommendation that Aspirin Powder and its Ingredients Be Made Subject to Export License," 3 November 1941, Folder "General Memoranda October-November 1941," Memoranda Relating to General Latin American Affairs, Box 6, ARA, RG 59, NA.

67. Military Intelligence Division, *Axis Espionage and Propaganda in Latin America* (Washington, DC, 1946), 21-22.

did the PL eliminate businesses and livelihoods without Latin American consultation, it also placed an acute stigma on those who were listed, especially once war was declared. U.S. Ambassador Pierre Boal in Nicaragua described the case of Adolfo Altamirano Browne, a newspaper owner and member of the Nicaraguan Congress who was placed on the PL in mid-December 1941 even though he had voted in favor of Nicaragua's declaration of war against the Axis. While "Altamirano Browne has not been above suspicion and cannot very well be classed as friendly to the United States," Boal noted, "there is a long step between his adopting such an attitude while his country was not at war and our branding him as a traitor to his country now that his country is at war."⁶⁸ For such embarrassing or politically delicate cases, the State Department eventually put five thousand names on a gray list, the "Confidential List of Unsatisfactory Consignees," which was not published externally, but served to deny export licenses, for example, of newsprint to Latin American newspapers that criticized the United States.⁶⁹

The PL began as a tool for blocking the return of capital to Germany and the availability of funds for the dissemination of Nazi propaganda. Carl Spaeth, United States delegate to the Committee for Political Defense (CPD), the standing inter-American security organization based in Montevideo, stated that "[T]he original and, in fact, continuing purpose, of the Proclaimed List is to cut off sources of revenue that might be used to carry on subversive activities."⁷⁰ But the list rapidly extended its reach from firms engaged in international commerce to cover "any person or organization which appeared to be identified with Axis interest. This has been necessary in order to identify such persons and thus *restrict their influence in the local communities*," Acheson explained. The broad objective became "the elimination from positions of economic and social importance of those whose political ideas and policies rendered them undesirable." This was both a broader and more long-term goal than the denial of funds for subversion. Acheson acknowledged that "[T]he list has not, of course, been popular with most of the governments," but in making decisions related to economic warfare, the Department of State must decide "purely on the basis of determining, under the particular circumstances, what action would best serve the war interests of the United States."⁷¹

After months of receiving Latin American complaints over the operation of the PL, Bonsal, one of the more sympathetic listeners, again proposed turning the blacklist into a genuinely multilateral operation, as called for by the inter-American resolutions. In a memo to Welles in January 1942, Bonsal clearly laid

68. Pierre Boal to Welles, 22 December 1941, 740.00112AEW1939/6329, RG 59, NA.

69. Braden to Welles, 24 November 1941, Folder 12, Box 67, Welles Papers, FDRL; Acheson, "Action Taken."

70. Spaeth to Acting Secretary of State, 8 April 1942, Folder 14, Box 83, Welles Papers, FDRL.

71. Acheson, "Action Taken." Emphasis added.

out the contradictions between the exigencies of war and the principles of the Good Neighbor policy:

There is little to be gained by rehearsing the arguments pro and con the proclaimed list. Suffice it to say that the policy behind the list is more consonant with ruthless economic warfare regardless of consequences than with the long-range development of international relations and particularly relations with the other American republics along lines involving a scrupulous respect for sovereignty and an abstention from interference with internal concerns.

It is a policy designed by us to secure the commercial and financial annihilation of persons resident in and doing business in accordance with the laws of the American republics and against whom we feel that those republics will take no action.

When one of the other American republics declares war or severs relations with the Axis, the above assumption upon which our Proclaimed List policy is based disappears, at least in theory. The question which arises is this: Are we going to continue to be the arbiters of what constitutes Axis financial and commercial activity in the Republic which has now declared war on or severed relations with the Axis or are we going to take the declaration of severance at its face value and at least share the control function [with] the country in question. It seems to me obvious that the relationship must be placed as soon as possible on a cooperative rather than the present unilateral basis . . .

The next step would be the issuance by the United States of a list of undesirable firms in the United States upon which the other American republics might base such export control policies as they might care to adopt and which would form the basis of our own import control. It is indeed difficult for the average citizen of one of the American republics to understand how we are able to ferret out dozens if not hundreds of undesirable firms in his country while, so far as he is aware, none such have been discovered in the United States.⁷²

To Latin Americans, the unilateral operation of the PL not only implied a lack of trust in their ability to manage their own affairs and hinted at a U.S. desire to eliminate its competitors in the region while leaving productive German nationals undisturbed in the United States, but was also a clear violation of the commitment made at Buenos Aires in 1936 not to intervene "directly or indirectly, and *for whatever reason*, in the internal or external affairs of any other of the Parties."⁷³ While Bonsal and other defenders of the Good Neigh-

72. Bonsal to Welles, "The Proclaimed List," 2 January 1942, "General Memoranda January–February 1942," Memoranda Relating to General Latin American Affairs, Box 6, ARA, RG 59, NA.

73. Buenos Aires Protocol, in Burr and Hussey, *Documents*, 113–14. Emphasis added.

bor policy tried to preserve that promise not to interfere “for whatever reason,” they could not prevail; the appearance of an external threat to U.S. control in the region proved to be reason enough.

To be sure, the U.S. government did discover some undesirable firms in the United States. Under the authority of the Trading with the Enemy Act of 1917, the Treasury Department’s Division of Foreign Funds Control and the alien property custodian froze or seized the assets of such firms and denied them export licenses. But the investigative standards for such action were stricter, and the application much narrower, than was the case with the PL. There was no blacklist of U.S. citizens who had past dealings with Axis nationals at a time when such transactions were legal. Enemy aliens residing in the United States were neither blacklisted nor subject to extensive financial or commercial restrictions, except in rare cases. And, of course, all such restrictive measures were wholly internal.⁷⁴

Within the United States, economic regulations were created to cut off the flow of capital and exports to Germany, and large firms owned by Germans were seized. But what did *not* happen in the United States is just as important for understanding economic warfare as applied to Latin America, and thus perceiving the continuity of U.S. interference in Latin American affairs, even in the era of the Good Neighbor policy. The United States did not embark on a program of liquidating or transferring businesses owned by individuals among the 300,000 German citizens living within its borders. Although these enemy aliens were prevented by Treasury controls from engaging in trade with Germany, they were free to continue their businesses unmolested. In the United States, “[A]liens of enemy nationality . . . [were] generally not restricted in their financial and commercial transactions,” explained a comparative study written near the end of the war. Alien enemies who had been U.S. residents since 23 February 1942 were “so-called generally licensed nationals of a foreign (blocked) country who are subject to practically no financial restrictions.”⁷⁵ Whatever their personal sentiments regarding the country of their birth, these enemy aliens’ economic activity was a boon to the U.S. economy, and U.S. officials saw no reason to tamper with it.

In much of Latin America, on the contrary, precisely such people were driven out of business, their property and companies seized or destroyed. This expropriation took place under intense pressure from Washington, often against the wishes of the Latin American governments concerned, and it followed the unilateral blacklisting of businesses in the region through the PL. Latin American leaders resented and protested against the PL, and they initially resisted more extensive measures for the same reason that the United States did not destroy

74. Martin Domke, “Western Hemisphere Control over Enemy Property: A Comparative Survey,” *Law and Contemporary Problems* 11 (Winter–Spring 1945): 3–16; Gordon and Dangerfield, *The Hidden Weapon*, 145–48.

75. Domke, “Western Hemisphere Control,” 6.

its own domestic German-owned businesses: they were an asset to the national economy. In the smaller countries of Central America and the Caribbean basin, German-owned businesses were far more important as employers and producers of wealth than they were in the United States, so the cost of their destruction was high.

The sharp difference between the policies pursued by Washington inside the United States and those pursued in Latin America can be explained by two interrelated facts. First, since U.S. officials viewed Latin America as a vulnerable, dependent region where the real actors were Great Power rivals, Germans living there were taken much more seriously as a threat than were Germans living in the United States. The second reason reveals how security and economic interests can be closely linked in the making of foreign policy. While production and commerce carried out by German nationals *inside the United States* contributed to the U.S. gross national product, German production and commerce *in Latin America* represented competition in markets the U.S. hoped to reserve for itself. Economic warfare thus offered the perfect opportunity to attack the German economic presence in Latin America on the basis of protecting security while devastating a major economic rival.

In principle, this was no contradiction: total war meant hurting the enemy wherever possible. But the level of economic controls imposed on German enemy aliens in the United States seemed sufficient to prevent them from aiding Germany. A similar level of controls could also have neutralized Germans running their own businesses in Latin America, as Latin American officials regularly pointed out. Why go so much further and pursue their "commercial and financial annihilation"?⁷⁶

If anything, Latin American officials understood the answer better than did their U.S. counterparts, who usually spoke in the language of national security. Latin American leaders were not eager to increase their nations' already high degree of reliance upon U.S. capital by losing the German alternative, especially given the long record of U.S. interventionism on behalf of corporate interests. Germans who did not interfere in foreign policy or domestic politics were welcome as unusually productive members of societies in need of economic development. Thus, Washington's effort to impose stringent economic-warfare policies upon reluctant Latin American governments produced friction that went beyond disputes over the issue of nonintervention and sovereign rights.

Because the guidelines for the PL were so broad and the investigative procedures of the U.S. diplomatic missions so inadequate, its impact was sometimes felt by those least likely to contribute to the German war effort. Max Brill left Germany for Ecuador in 1937 with his wife and two sons. A Jew and a Social

76. Bonsal to Welles, "The Proclaimed List," 2 January 1942, "General Memoranda January–February 1942," Memoranda Relating to General Latin American Affairs, Box 6, ARA, RG 59, NA.

Democrat, he had watched the Nazis burn his factory, lost his property, and spent two months in a German prison before managing to emigrate. He found work as an electrician in Guayaquil and soon opened a pub he called the Salon, but saw his business dry up after the United States placed his name on the PL. Brill appealed to the U.S. consul "more than twenty times" for a meeting but was able to see only younger consulate employees. To them, he proffered his thick dossier of "proofs that I was never a Nazi": photographs of his factory in flames, a copy of the sentence issued against him by a Nazi judge, documents confirming his religion, eighteen character references supplied by prominent Ecuadorians. The documents made no impact. Brill believed that some former friends, among them unemployed fellow refugees, had denounced him in order to collect payments from U.S. intelligence. A friend with embassy connections told Brill there was a report that one of his sons had been seen driving through Quito with a swastika flag flying from his car, which Brill called "laughable." Meanwhile, the newspapers were rejecting his advertisements and Ecuadorian businesses refused to sell food to his restaurant because to do so would mean landing on the PL themselves. His family's life had become "impossible," Brill said in an appeal to the Ecuadorian Ministry of Foreign Affairs. "Often I do not know how to pay rent or salaries," he wrote. "I spent all of my money building the Salon, and now nobody wants to set foot in the Salon because of the blacklist."⁷⁷

Other targets were more plausible. Antonio Lehmann's publishing house in San José was blacklisted although he was a native-born citizen of Costa Rica. But his citizenship did not prevent him from participating actively in Nazi Party events and printing all of the propaganda distributed by the German legation and Nazified organizations in the country.⁷⁸ Heinrich Schulte's large bakery landed on the PL because Schulte organized the brownshirts in Quito and ran the Nazi trade union and other Nazi organizations.⁷⁹ Large hardware-importing company Casa Helda in Barranquilla, Colombia, was blacklisted because two of the owners in the Held family were in the Nazi party, and senior partner Emil Prüfert was chief of Colombia's Nazi Party.⁸⁰

The case that most offended Colombians was the blacklisting of Laboratorios Román, an important pharmaceutical firm founded in 1835 and owned by Colombians. After Braden's embassy got wind of a drunken incident in which the proprietors of Laboratorios Román, Henríque and Rafael Antonio Román

77. Max Brill to MRE, 20 September 1942, Serie N, Embajada de Estados Unidos, MRE, AHQ.

78. Name file of enemy aliens for Antonio Lehmann, alphabetical, Special War Problems Division (hereafter SWP), Boxes 31-50, RG 59, NA.

79. Name files of enemy aliens for Heinrich Schulte, alphabetical, SWP, Boxes 31-50, RG 59, NA.

80. Senate Committee on Military Affairs, *Nazi Party Membership Records*, Senate Committee Prints 79/2/46, Part 2, March 1946, and Part 3, September 1946, S1535-S1538 (Washington, DC, 1946).

Vélez, tore up a photo of FDR and made pro-German utterances, they were placed on the PL. Several senators, the Cartagena Chamber of Commerce, and President Santos himself intervened with the embassy, asking that the long-established firm, which employed fifty Colombian workers and distributed tropical medicines throughout the country, be removed from the list.⁸¹ U.S. Ambassador Arthur Bliss Lane, Braden's successor, argued that "[T]he attitude of the President towards us is so much more important than the fact whether Román is or is not on the Proclaimed List, that I cannot turn a deaf ear to the President's request. . . . Whether Román is kept on or off the List will not affect the course of the war."⁸² Lane and the Colombians were unsuccessful. So were the fifty-eight employees of the Hotel Astoria who petitioned, in the name of their families, for the hotel to be removed from the blacklist so they could keep their jobs.⁸³

U.S. officials on the ground, even those who were unsympathetic to the objects of blacklisting, could not fail to see the hostility that it produced. "The Proclaimed List in Costa Rica is undoubtedly cluttered with the names of many persons who are neither dangerous, important, nor powerful, who own no property, and whose continued control not only fails to serve a useful purpose but may actually be detrimental to our interests," wrote the chargé d'affaires in San José, Edward G. Trueblood, himself an advocate of strong anti-Axis controls.

The net effect of their inclusion in the list is that they are unable to secure any employment, and they are faced with the alternatives of being driven to complete dependence upon others in order to subsist, or of seeking clandestine ways of earning their living. This results in ill will toward the United States for what appears to be a policy of persecution against individuals who cannot be regarded as dangerous to our interests.⁸⁴

Sustained Latin American resistance produced a minor change in U.S. policy. At the end of January 1942, Secretary Hull instructed U.S. diplomats to consult with the governments to which they were accredited over future additions to the PL, provided that the government had broken relations with the Axis.⁸⁵ This would seem to have been in line with Bonsal's heartfelt proposal made at the beginning of the month. However, it took more than a year before the first formal consultative bodies were created, and even then, the United States con-

81. Acheson, "Action Taken," and Galvis and Donadio, *Colombia Nazi*, 114. See also documents on Laboratorios Román, Folder "Listas Negras 1943," Informes Confidenciales Sobre Actividades Nazis 1942-1943-1944, AMRE, and Bustillo Franco to MRE, 2 October 1941, Listas Negras 1941, AMRE.

82. Arthur Bliss Lane to Bonsal, 27 May 1942, Box 67, Arthur Bliss Lane Papers, Manuscripts and Archives, Yale University Library, New Haven, CT.

83. Caicedo Castilla to MRE, 6 November 1941, Listas Negras 1941, AMRE.

84. Edward Trueblood to Secretary of State, "711.2," 27 September 1943, Costa Rica: San José Embassy Confidential File, Box 25, RG 84, NA.

85. Cordell Hull, 28 January 1942, *FRUS*, 1942, *The American Republics* (Washington, DC, 1962), 5:285-6.

tinued to reserve the right of unilateral action, as Hull made perfectly clear: "It should be stressed that the final decision with respect to additions and deletions in the Proclaimed List, which relates to controls established by this government, must rest with the Interdepartmental Committee in Washington."⁸⁶ Hull rejected any preliminary screening of Latin American nationals by their own governments. Nor was he willing to include any Latin American representatives as members of the Interdepartmental Committee. Instead, he instructed that the new consultative commissions created in Latin American capitals in the summer of 1943 be given expanded powers to supervise economic and financial anti-Axis controls there. In other words, the mechanism created for consultation was transformed into an instrument for increasing, not lessening, U.S. oversight of Latin American economic affairs.⁸⁷

The consultative bodies, for all their weakness, do reveal that Washington's fears that Latin American participation would cripple economic warfare were misplaced. The review committee in Bogotá consisted of the head of Alien Property Control in the Colombian Treasury Ministry, an officer from the Commercial Department of the Foreign Ministry, two PL officials from the U.S. Embassy, and one from the British Embassy. Their meetings were lively, as the Colombians questioned the inclusion of Colombian citizens on the PL whose businesses had already been taken over by the government and thus posed no further danger. They also raised practical objections to other listings, as for Colombian towns where the power-plant engineers were German and firing them would have meant closing the plants and cutting off electricity to the community. However, the Colombian representatives also recommended other individuals for listing because they were known Nazis or were "cloaks" for Nazis. Although in practice, the U.S. Embassy and the Interdepartmental Committee in Washington made all the decisions, the discussions in the consultative committee suggest the kind of effective cooperation that could have taken place had the United States been willing to consider a genuinely multi-lateral effort.⁸⁸

Instead, the U.S. government closely held the power of delisting. Under its review process, Latin American firms requesting to have their names removed from the list were not told what negative information had resulted in their blacklisting. Instead, "[T]he burden of proof must be carried by the firm in question" to show that "the unsatisfactory conditions which resulted in the firm's inclusion have been remedied" and that "the future conduct of the firm can be expected to be satisfactory."⁸⁹ In issuing these requirements, the Good

86. Secretary of State to American Embassy in Bogota, 31 March 1943, 740.00112AEW1939/23233, RG 59, NA.

87. Ibid.

88. *Comité de Consulta*, 5 June 1943, "Listas Negras—Varios," Informes Confidenciales Sobre Actividades Nazis-1942-1943-1944, AMRE.

89. Welles, "Procedures and Policies on Maintenance of the Proclaimed List of Certain Blocked Nationals," 28 August 1941, *FRUS*, 1941 6:271-83.

Neighbor perpetrated a deeper intrusion into Latin American economic affairs. The U.S. commercial attaché in Bogotá, like his colleagues in other countries, offered some Colombian businesses the chance to avoid blacklisting, provided the owner sign a form promising not to engage in commercial transactions with anyone on the PL or anyone specified by the embassy and to fire any employee considered undesirable by the embassy. Among other things, the signatory had to agree to this demand printed on the form: "At any moment that it may be required by the American Embassy, to allow its books, accounts, and correspondence to be examined by auditors designated by the Embassy, with the costs of such examinations borne by the undersigned."⁹⁰

In July 1942, representatives of the American nations came together in Washington for an Inter-American Conference on Systems of Economic and Financial Control. Feelings ran so high over the intimate interventionism of the blacklisting procedure that the State Department found it necessary to avoid making any mention of the PL—the program at the heart of economic warfare in the Americas—in the conference resolutions. Raising the issue at all, according to Acheson, would have sparked unwelcome opposition and requests for deletions.⁹¹

Yet the program persisted—indeed, it intensified—even as the German threat was receding. The battles of Stalingrad and Midway marked the turning points in the war, after which there could be no more serious risk of an Axis invasion of the Americas. This seemed to confirm that an ambitious economic agenda going well beyond immediate war-related security concerns was driving the destruction of the German commercial presence in the region.

And so objections multiplied. Washington's unilateral blacklisting of Latin American citizens created one source of friction over the PL. The practice of intrusive intervention in internal Latin American economic affairs was another. Three other factors made the list arbitrary and unfair in Latin American eyes: a lack of discrimination between individuals chosen for listing; the way U.S. officials expanded the list to demonstrate their effectiveness to their superiors; and the fact that blacklisted firms were not deleted from the list even after they were removed from German control.

In Bogotá, Ambassador Lane ruefully watched the conflicts over the PL wear away a decade's worth of good will. His aides passed along complaints from Colombians in all parts of the country. His economic counselor, Robert J. Derby, explained that Latin American bitterness over the list was based not on principle alone but on concrete effects. "Inclusion of a business on the Proclaimed List now means that sooner or later it will have to liquidate," Derby wrote. "When this occurs, the employees of that concern blame the United States Government. . . . When they are denied the opportunity to earn a living

90. U.S. Embassy Bogotá, form letter in Spanish (author's translation), n.d., "Listas Negras-Varios," *Informes Confidenciales Sobre Actividades Nazis-1942-1943-1944*, AMRE.

91. Acheson, 4 August 1942, *FRUS*, 1942 5:58-73.

because of our economic sanctions, it creates a feeling of hatred on their part toward the United States.” The larger listed firms routinely had their assets frozen, their profits diverted to blocked government accounts, and their management taken over by Colombian authorities. Still, that action—effectively de-Germanizing a firm and going at least as far as internal U.S. controls—did not change a firm’s status as far as U.S. policy was concerned. “The officials and people of Colombia resent the fact that when a Proclaimed List firm is placed under Government administration, its removal from the PL does not follow,” Derby wrote. “They feel that it is an arrogant attitude on our part which refuses to recognize that administration by the Colombian Government will prevent enemy interest from doing any harm to the cause of the democracies.”⁹² “Sooner or later we will have to decide how far we are going to let the Proclaimed List policy affect our postwar economic and political relations with Latin America,” Lane grumbled.⁹³ He wrote to Welles asking that the State Department bring him to Washington for consultations so he could make his case in person. Welles turned down the request, asking Lane to prepare a memo instead.⁹⁴

Lane was an experienced diplomat. A career foreign-service officer with an excellent record, he served in Mexico from 1925 to 1933, then as minister to Nicaragua. After Anastasio Somoza used the U.S.-created National Guard to seize power, Lane called the Guard “one of the sorriest examples on our part of our inability to understand that we should not meddle in other people’s affairs.”⁹⁵ His commitment to noninterference made him one of the staunchest defenders of the Good Neighbor policy. At the same time, Lane was no Pollyanna about the German threat. As ambassador in Belgrade during the German occupation of Yugoslavia, he returned home with an abiding suspicion of Nazi subversion.⁹⁶

Thus it was especially significant for Lane to complain in his report to Welles that “inadequate investigation” and a “too great readiness to accept accusations against a given firm or person, often based on hearsay, unfounded on facts” had resulted in many mistaken blacklistings. Some of the fault lay with informants who denounced their “personal enemies or business competitors” to credulous U.S. officials. Lane also blamed the “understandable enthusiasm and energy on the part of young officers” working on the PL who were eager “to make an outstanding showing on the number of recommendations presented for listings.” As an example, Lane mentioned a case in which

92. Lane to Welles, forwarding Derby memo, 31 March 1943, Box 67, Lane Papers.

93. Lane to Gerald Keith, 19 December 1942, Box 67, Lane Papers.

94. Lane to Welles, 19 December 1942, Box 67, Lane Papers.

95. John E. Findling, *Close Neighbors, Distant Friends: United States-Central American Relations* (New York, 1987), 97. See also Gellman, *Good Neighbor Diplomacy*, 31, and Black, *The Good Neighbor*, 62.

96. Lane to Welles, 27 October 1941 and 26 November 1941, Box 66, Lane Papers.

the word of two virtually unknown European nationals was accepted . . . despite the fact that the President of the Chamber of Deputies, a former Minister of Public Works, and a leading Conservative Senator, the leading exponent in his party of friendship for the Allied cause, and the Embassy's Legal Adviser indicated that the subject's political views are not inimical to the United States.⁹⁷

Lane further noted that the embassy and U.S. consulates were receiving regular and insistent protests from Colombians. The problem was not merely one of fairness, Lane concluded, but "will serve to create a spirit of bitter antagonism against the United States which can only result in our losing markets and political friendship when the war is finished."⁹⁸

Alfonso López Michelsen, son of the Colombian president and himself future president of Colombia in the 1970s, seemed to confirm Lane's fears when he wrote a novel about this era dedicated to sympathetically portraying the victims of the PL in his country.⁹⁹ Presented as the memoir of a German refugee of Jewish descent, the book describes the travails of the protagonist, "B. K.," after he is blacklisted. He is shunned by his friends, who fear getting blacklisted themselves; then he is evicted from his boardinghouse because the owner is not allowed to do business with anyone on the PL, and he finally winds up in an internment camp.

At one point, a Colombian character remarks that U.S. citizens who come to Colombia arrive with a salary from home and do not risk investing their own money in businesses unless they are subsidiaries of U.S. companies that will repatriate the profits. "In contrast, the Germans here created many important things through their individual efforts: aviation, ranches, hardware stores, beer and cigarette factories," the Colombian says. "Why should we be against these Germans, who have made us prosper, simply because in their country, which they left thirty years ago, a dictatorial regime has been established?"¹⁰⁰

As his life falls apart, B. K. seeks a meeting with "Muir," a thirty-year-old U.S. embassy official in charge of the Proclaimed List for Colombia. Muir is a haughty, insolent drunkard who merrily reduces people to ruin:

He would arrive late to his office, often drunk, and gaze deprecatingly at his victims or their lawyers, who had had appointments to see him two or three hours earlier.

"I'm busy and can't see anybody. Come tomorrow at three o'clock."

And, without further ado, this son of privilege, who in peacetime had no idea how to earn a living and in wartime ran no risk of losing his own life,

97. Lane to Welles, 17 March 1943, Box 67, Lane Papers.

98. Ibid. Lane also sent a copy to Henry Wallace. Lane to Wallace, 22 April 1943, Box 67, Lane Papers.

99. Alfonso López Michelsen, *Los Elegidos* [The chosen ones] (Bogotá, 1967; first published in Mexico, 1953).

100. López Michelsen, *Los Elegidos*, 168.

sent away men who had struggled twenty or thirty years to build up their businesses and had come to wait for him, to ask him not to ruin them, because it was not their fault that they were Germans and they did not get involved in political affairs.

"No. I'm very busy. Come back some other day."

And he went out to a dance club.¹⁰¹

López Michelsen accurately conveyed the sentiments of many of the Colombian elite toward their German neighbors and toward the economic-warfare policies of the United States. His account is marred by its partiality, the first sign of which is the title of the book. *Los Elegidos* (The Chosen Ones) refers to the selection of those placed on the blacklist, but it also draws an obvious parallel between the suffering of the German expatriates in Colombia and the suffering of the Jewish people. Such a comparison is unconscionable, the more so in a work about World War II written after the fate of the Jews of Europe was well known. While many of the Germans blacklisted or interned were, like B. K., longtime residents with no connection to Nazi Germany, others were devoted adherents of the "dictatorial regime" established in their homeland—especially those drawn from among Colombia's 300 Nazi party members.¹⁰² When the embassy's Muir callously dismisses B. K.'s appeal with the remark that there is a life-or-death struggle against the Axis going on, he is speaking a truth otherwise missing from the rest of the book.¹⁰³

That the struggle in question seemed so remote to some Latin Americans helps explain why the fact of German responsibility for starting the war, and the real existence of local Nazi activity (supported in important ways by some of the larger companies on the PL), sometimes faded from their understanding of such *yanqui* intrusions as the PL. But most official Latin American objections

101. López Michelsen, *Los Elegidos*, 87–88.

102. Senate Committee on Military Affairs, *Nazi Party Membership Records*.

103. López Michelsen, *Los Elegidos*, 215. The U.S. commercial attaché originally tasked with drawing up the PL for Colombia was certainly not a shiftless drunkard. Merwin Bohan was "extremely able and hard-working," his ambassador recalled. Bohan remembered that he and five secretaries were overwhelmed with work in the first months of compiling the blacklist, putting in fourteen to sixteen hours a day. Braden, *Diplomats and Demagogues*, 203; Bohan oral history, 44; Welles to Acheson, 20 July 1941 and 19 August 1941, Folder 8, Box 73, Welles Papers. And there is more to the story. The author of *Los Elegidos* was not merely the president's son. López Michelsen was also an attorney who represented stockholders in the blacklisted German-owned, Dutch-named firm Handel Industrie Maatschattij. When their assets were frozen during the war, López Michelsen bought up the securities at fire-sale prices, keeping the profits for himself. When the scheme became publicly known, it caused a scandal that led to the resignation of his father, President Alfonso López Pumarejo. Some Colombians today believe that López Michelsen wrote the book to atone for stealing from his German friends. Gustavo Humberto Rodríguez, "Segunda administración de López Pumarejo" [Second administration of López Pumarejo] in *Nueva Historia de Colombia* [New history of Colombia], ed. Alvaro Tirado Mejía, vol. 1 (Bogotá, 1989), 373–96; Carlos Lleras Restrepo, *Crónica de mi propia vida* [Chronicle of my own life], vol. 5 (Bogotá, 1983), 333; Alvaro Tirado Mejía, "Colombia: Siglo y medio de bipartidismo" [Colombia: A century and a half of bipartisanship] in *Colombia Hoy* [Colombia today], ed. Mario Arrubla (Bogotá, 1978), 167.

were raised in the context of overall strong support for the Allied cause. By the same token, a U.S. government fighting total war against a vicious foe paid little attention to the Latin American perspective. Having inflated the German peril in the region and exaggerated Latin American vulnerability, Washington then took the German threat very seriously, while it did not take Latin American opinion very seriously. The United States continued to invoke the rationale of hemispheric defense long after any possible Axis danger to the Americas had receded, in order to carry out more long-range projects of economic consolidation. The PL thus contributed both to the weakening of the German economic presence in Latin America (with a commensurate strengthening of the U.S. position) and to the long-term souring of inter-American relations, so recently and ephemerally restored during the brief peacetime application of the Good Neighbor policy. The PL helped revive Latin American cynicism toward U.S. promises and suggested that the appearance of a foreign menace, whether real or imagined (or both), made the Good Neighbor policy a fair-weather experiment of good intentions in good times, masking an underlying continuity in the U.S. approach to the region when there seemed to be anything serious at stake.